



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN NO. 816 (1962)

MAR 10 1983

- SUBJECT: Agricultural Stabilization and Conservation Service (ASCS)  
Payment-in-Kind (PIK) Program

TO: State Directors, Farmer Programs Chiefs,  
District Directors, and County Supervisors, FmHA

Details of the Payment-in-Kind (PIK) program and sign up times were announced in January 1983 by the Secretary. Signup began on January 24 and ended March 11, 1983. Crops covered by the program are wheat, corn, sorghum, rice and upland cotton. Assignments are permitted. The assignee receives title to the quantity of commodity assigned and is responsible for all arrangements of marketing and storage. For this reason we recommend that assignments be required only in extreme cases where they are determined necessary to effect payments on the FmHA indebtedness. Before any assignment is made to FmHA it should be determined where the commodity is located, what will be necessary to market the commodity, and when to market. An assignment on the PIK commodity is for the right to receive a specific quantity and not a right to receive any money.

We understand that the PIK commodity is to be titled to a producer free of any lien or setoff. Agreements with borrowers for disposition of income from the sale of PIK commodities can be made on Form FmHA 440-9, "Supplementary Payment Agreement" or assignments listed in §1941.19 (e)(1) or (2) of FmHA Instruction 1941-A. A close working relationship should be maintained between FmHA and ASCS.

Proceeds from sale of PIK commodities will be treated as normal income. If assignment is made to FmHA, then FmHA will take delivery of the PIK commodity, and the commodity must then be marketed by FmHA in an ordinary manner with the net proceeds applied to the FmHA loan account(s). It is imperative that borrowers agree to time and method of marketing. If the borrower does not agree, the County Supervisor will contact the State Office for advice. Cost of trucking and other handling can be deducted from the sale proceeds.

Assignments concerning other ASCS programs such as deficiency payments and advance payments will continue to be handled as set out in FmHA AN No. 787 (1962) dated December 14, 1982, issued to all FmHA State Directors.

EXPIRATION DATE: March 31, 1984

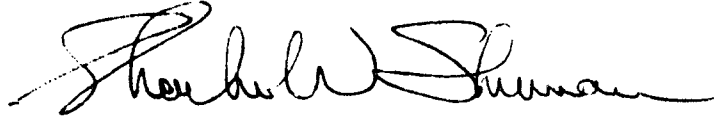
FILING INSTRUCTIONS: PRECEEDING  
FmHA Instruction 1962-A



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

816(1962)

Those borrowers who have growing winter wheat financed by FmHA should be contacted immediately to reach agreement on graze out provisions and agree on use of ASCS payments and other income. They should be reminded, where applicable, of any existing lien FmHA has on growing wheat which will be grazed or destroyed to comply with requirements of PIK program participation.

A handwritten signature in cursive script, appearing to read "Charles W. Shuman".

CHARLES W. SHUMAN  
Administrator

Sent by Electronic Mail March 10, 1983 at 3:09 p.m. by MISD(IMPS).  
A copy of this communication will be distributed by the Finance Office to the District and County Offices.